

How to Build A Budget from Scratch

Getting Started

Presented by

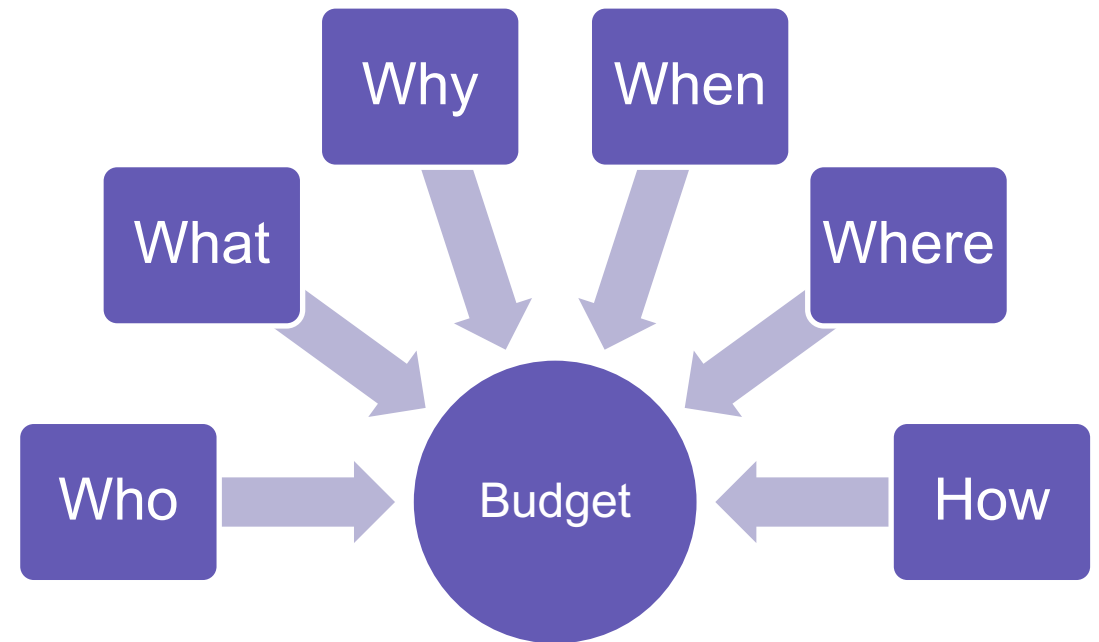
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Our Goals: Segment 1

Understand the basics (the 5Ws) of starting the budgeting process, including:

- **What:** what is a budget, anyway?
- **Why:** the importance of creating budget
- **How:** first steps for creating a budget from scratch



What is a budget?

The budget is...

- A roadmap and guide
- A financial **plan** for a future time period (e.g. fiscal year)
- An expression of the dollars you expect will come in and will be spent in the future (surplus/deficit at end of year)
- A repository for your thought process around the numbers

Note: This session focuses on the annual organizational budget.



Why create a budget?

- Rare opportunity to process and reflect holistically about how your mission is advanced
- Goals become more concrete and possible
- Mindfulness
- Learning opportunity
- Communication tool
- Equity: full costs



“Our budget gave us a greater sense of ownership and understanding of our organization. We learned to see our budget as something that tells our story.”

Charles Rice-Gonzalez

Co-Founder of Bronx Academy of Arts and Dance (BAAD!)



When should I create my budget?



Start the budgeting process at least 3 months before end of the fiscal year.

Earlier is even better!



Finalize for board approval

Who should be involved?

Include the following people in budget development:

- Executive Director and “Advisory team” (e.g. Finance Director, Department Heads)
- Program Staff
- Development Staff
- Finance Committee
- Board



Where should my budget live?

Spoiler Alert: The budget does not start with numbers AT ALL!

- Special budgeting software is not required
- Options include but are not limited to:
 - Excel
 - Google spreadsheets

Key Question: What method do you prefer for capturing your thinking and planning?



How should I get started?

- No numbers first: goals and visioning
 - Plan your programs
 - Set concrete goals for next year
- Make a broad list of everything that you will need to accomplish your goals
 - Work backwards from goals:
 - Research and gather data: expense and revenue
 - Sort and organize your list into common categories



Reflection Questions

What do you want to achieve in your next fiscal year?

Work backwards from the end of your fiscal year: What will you need to accomplish your goals?

What information will you use to estimate the costs necessary to achieve your goals?

What information or research will you need to seek out?

Next session

Step 2: Gather Data on Expenses & Revenue

- Historical data (if available)
- Research costs of items and services
- Account for both program services and the costs to run the operations, e.g. banking costs, website, accounting software

Preparing for next steps

Expenses

What do you want to achieve in your next fiscal year?	Work backwards from the end of your fiscal year: What will you need to accomplish your goals?	What information will you use to estimate the costs necessary to fully achieve your goals?	What information or research will you need to seek out?

Thank you for watching!

Please contact us at learn@nff.org with any questions and [join our newsletter](#) for more insights and resources.

